

Solid Energy Ohai mine to close at end of June

5 June 2009 - Solid Energy has confirmed it will close the company's Ohai opencast mine in western Southland at the end of June 2009.

Chief operating officer, Barry Bragg, said that rapidly declining reserves from the current pit means that the volume of coal bagged for the household market will not meet demand beyond the 2009 winter, instead of being enough to last through the 2010 winter as earlier thought.

The company first signalled the mine would wind down after it lost in 2007 a major contract to supply coal to Fonterra's Clandeboye plant in South Canterbury to new competitor Eastern Corporation, which began mining near Nightcaps a few kilometres from Ohai.

Southland household coal customers will still be able to purchase bulk lignite coal at the gate from Solid Energy's other Southland mine, New Vale, south west of Gore.

Rehabilitation and environmental monitoring will continue at the site for several years.

Five pits will be reshaped and partially filled with available overburden before being seeded with pasture for grazing. Three lakes of 29 hectares (ha), 12 ha and 7 ha will also be formed with wetland vegetation sown along the banks.

Mr Bragg said the rehabilitation was designed to allow for resumption of mining if a substantial long-term supply contract could be won.

To facilitate rehabilitation, Solid Energy hopes to remove about 40,000 tonnes of fines from the site, which may be railed to Lyttelton for export if no local buyers can be found.

Sources: Solid Energy and Lindsay Clark